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HOUSING AUTHORITY OF HAYNESVILLE, LOUISIANA
REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
(UNAUDITED)

TWELVE MONTHS ENDED SEPTEMBER 30, 1981

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/27/82

MIKE ENTER, INC.
A PROFESSIONAL ACCOUNTING CORPORATION

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
General Purpose Financial Statements		
Compilation Opinion		1
Combined Balance Sheet - Enterprise Fund	A	2
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Enterprise Fund	B	3
Combined Statement of Cash Flows - Enterprise Fund	C	4 - 5
Notes to the General-Purpose Financial Statements	D	6 - 12
Index		6
Notes to Financial Statements		7 - 12
Supplementary Information		
Statement and Certification of Actual Modernization Costs	Ex(1)	13
Statement of Modernization Costs - Uncompleted	Ex(2)	14
Statement of Expenditures of Federal Awards		15
Notes to the Schedule of Expenditures of Federal Awards		16
Report on Agreed-upon Procedures Regarding Louisiana Abatement Questionnaire		17 - 19
Louisiana Abatement Questionnaire		20 - 21
Schedule of Prior and Current Findings		22

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MIKE ESTES, CPA

Board of Commissioners
Housing Authority of Haynesville
Haynesville, Louisiana

We have compiled the accompanying annual sworn general purpose unaudited financial statements of the Housing Authority of Haynesville, Louisiana for the year ended September 30, 2001, in accordance with Statements on Standards for Accounting and Review Services.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We have also performed agreed-upon procedures to test representations included in the Louisiana Automation Questionnaire for the year ended September 30, 2001, all included therein.

Mike Estes, P.C.
Fort Worth, Texas
February 13, 2002

HOUSING AUTHORITY OF THE CITY OF HAYNEVILLE
COMBINED BALANCE SHEET - ENTERPRISE FUNDS
YEAR ENDING SEPTEMBER 30, 2001

EXHIBIT A

ASSETS

Current assets:

Cash and cash equivalents	\$ 44,808
Investments	21,458
Accounts receivable (net of allowance for doubtful accounts of zero)	12,461
Prepaid items and other assets	14,173
Total Current Assets	92,900

Restricted Assets:

Tenant deposits	3,520
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Fixed Assets:

Land, buildings, and equipment (net)	1,258,699
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TOTAL ASSETS	1,355,207
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LIABILITIES AND FUND EQUITY

Current Liabilities:

Accounts payable	18,290
Compensated absences payable	1,867
Total Current Liabilities	12,457

Current Liabilities Payable from Current Restricted Assets:

Deposits due others	3,520
---------------------	-------

Total Liabilities	15,977
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Fund Equity:

Contributed capital	1,204,891
Retained earnings -	
Unsurvived	134,339

Total Fund Equity	1,338,230
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TOTAL LIABILITIES AND FUND EQUITY	\$ 1,355,207
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HOUSING AUTHORITY OF THE CITY OF HAYNESVILLE
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND EQUITY - ENTERPRISE FUNDS

YEAR ENDED SEPTEMBER 30, 2001

OPERATING REVENUES	
Dwelling rental	\$ 187,234
Other	79,469
Total revenues	<u>177,723</u>
OPERATING EXPENSES	
Administration	134,917
Tenant services	16,350
Utilities	14,496
Ordinary maintenance & operations	63,313
General expenses	37,356
Nonroutine maintenance	38,140
Depreciation	<u>235,532</u>
Total operating expenses	<u>542,496</u>
Income (loss) from Operations	<u>(364,773)</u>
Non operating revenues (expenses)	
Interest earnings	2,850
Federal grants	<u>253,897</u>
Total Non-operating revenues (expenses)	<u>256,747</u>
NET INCOME (LOSS)	<u>(108,026)</u>
Depreciation on fixed assets acquired by contribution	<u>235,532</u>
Increase in retained earnings	<u>126,506</u>
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>3,633</u>
RETAINED EARNINGS AT END OF YEAR	<u>130,139</u>
CONTRIBUTED CAPITAL AT BEGINNING OF YEAR	<u>1,448,413</u>
Depreciation transferred from retained earnings	<u>(335,532)</u>
CONTRIBUTED CAPITAL AT END OF YEAR	<u>1,112,881</u>
FUND EQUITY, END OF YEAR	<u>\$ 1,243,020</u>

HOUSING AUTHORITY OF THE CITY OF HAYNESVILLE
COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

EXHIBIT C

YEAR ENDED SEPTEMBER 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (364,773)
Adjustments to reconcile net income (loss) to:	
Net cash provided by operating activities	
Depreciation	235,532
Changes in operating current assets and liabilities:	
Increase in accounts receivable	(8,296)
Increase in prepaid items and other assets	(2,548)
Decrease in inventory	(39)
Decrease in accounts payable	(327)
Increase in deposits due others	190
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	<u>(148,293)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal grants	<u>253,687</u>
NET CASH PROVIDED(USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>253,687</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase fixed assets	(82,208)
Decrease in compensated absences	<u>(31,933)</u>
NET CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(74,164)</u>
	(CONTINUED)

EXHIBIT C

HOUSING AUTHORITY OF THE CITY OF HAYNESVILLE
COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

YEAR ENDED SEPTEMBER 30, 2001

CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in investments	\$	(2,948)
Decrease in restricted assets		100
Interest earnings		<u>2,850</u>

NET CASH PROVIDED (USED) BY INVESTING
ACTIVITIES191NET INCREASE (DECREASE) IN CASH AND
CASH EQUIVALENTS(8,641)CASH AND CASH EQUIVALENTS AT BEGINNING
OF YEAR6,288

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 44,909

(CONCLUDED)

HOUSING AUTHORITY OF THE CITY OF RAYNESVILLE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2001

INDEX

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	7
A. BASIS OF PRESENTATION	7
B. REPORTING ENTITIES	7
C. FUNDS	8
D. BUDGETS	8
General Budget Policies	8
E. CASH AND CASH EQUIVALENTS	9
F. INVESTMENTS	9
G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES	10
H. INVENTORY AND PREPAID ITEMS	10
I. FIXED ASSETS	10
J. FUND EQUITY	10
K. DEFERRED REVENUES	10
L. USE OF ESTIMATES	10
NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS	11
NOTE 3 - RECEIVABLES	11
NOTE 4 - FIXED ASSETS	12
NOTE 5 - RETIREMENT SYSTEM	13
NOTE 6 - ACCOUNTS PAYABLES	13
NOTE 7 - COMPENSATED ABSENCES	13
NOTE 8 - COMMITMENTS AND CONTINGENCIES	13

**HOUSING AUTHORITY OF THE CITY OF HAYNESVILLE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying general-purpose financial statements of the Housing Authority of the City of Haynesville have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. BASIS OF PRESENTATION Housing Authorities are chartered as a public corporation under the laws (LSA-R.S. 40:381) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in such city. The Housing Authority is governed by a five-member board of Commissioners. The members, appointed by the Honorable Mayor of the city of Haynesville, serve staggered multi-year terms.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-cost housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the Housing Authority for the purpose of maintaining this low-cost character.

The Housing Authority had 120 units in Low Rent management in two projects under FW-1421.

<u>Program</u>	<u>Contract Number</u>	<u>Number Of Units</u>
PHA owned housing	FW-1421	120

B. REPORTING ENTITY GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is financially independent of other state or local governments. As used in GASB Statement 14, financially independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The Housing Authority is a related organization of the City of Haynesville since the City of Haynesville appoints a voting majority of the Housing Authority's governing board. The City of Haynesville is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefits to, or impose financial burden on, the City of Haynesville. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Haynesville.

HOUSING AUTHORITY OF THE CITY OF HAYNESVILLE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2001

Governmental Accounting Standards Board (GASB) Codification Section 2180 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the Housing Authority to impose its will on that organization's body, and
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Housing Authority.
2. Organizations for which the Housing Authority does not appoint a voting majority but are fiscally dependent on the Housing authority.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

C. FUNDS: The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. Proprietary funds account to activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator.

Proprietary funds are accounted for on the basis of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus for all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

D. BUDGETS

General Budget Policies: The following summarizes the budget activities of the Housing Authority during the year ended September 30, 2001:

HOUSING AUTHORITY OF THE CITY OF HAYNESVILLE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2008

The Housing Authority adopted budgets for all HUD-funded programs. The budget is controlled by fund at the function level. All appropriations lapse at year end. Budgets are prepared on the modified accrual basis of accounting.

The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function.

E. CASH AND CASH EQUIVALENTS. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are made at the lower of market or cost.

F. INVESTMENTS. Investments are limited by R.S. 33:2855 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following, which are reported/carryed as per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

HOUSING AUTHORITY OF THE CITY OF DAYTONSVILLE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. INVENTORY AND PREPAID ITEMS All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the purchase method. At year-end the amount of inventory is recorded for external financial reporting.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses consist of prepaid insurance.

I. FIXED ASSETS Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (including salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Interest costs during construction have not been capitalized. Straight-line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	33 years
Building improvements	15 years
Furniture and fixtures	5 to 7 years
Computers	3 years

J. FUND EQUITY Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

K. DEFERRED REVENUES The Housing Authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

L. USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

HOUSING AUTHORITY OF THE CITY OF DAYTONSVILLE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2001

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS At September 30, 2001, the Housing Authority has Cash equivalents, and investments totaling \$69,879 as follows:

Demanded deposits	\$	46,849
Interest-bearing demanded deposits		1,560
Time deposits		<u>21,450</u>
Total	\$	<u>69,879</u>
Cash and cash equivalents	\$	44,909
Cash and cash equivalents - restricted		3,520
Investments		<u>21,450</u>
Total	\$	<u>69,879</u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2001, the Housing Authority's carrying amount of deposits was \$69,879 and the bank balance was \$69,879. Of the bank balance, \$69,879 was covered by federal depository insurance (GAAP Category 1).

NOTE 3 - RECEIVABLES The receivables of \$12,463 at September 30, 2001, are as follows:

<i>Class of Receivables</i>		
Local sources		
^A Tenants	\$	<u>12,463</u>
Total	\$	<u>12,463</u>

HOUSING AUTHORITY OF THE CITY OF HAYNESVILLE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2001

NOTE 4 – FIXED ASSETS The changes in general fixed assets are as follows:

	Balance 9/30/00		Additions		Deletions		Balance 9/30/01
Land and buildings	\$ 4,579,347	\$	128,996	\$	0	\$	4,668,243
Furniture and equipment	128,487		17,213		0		145,700
Construction in progress	85,000		0		85,000		0
Total	<u>4,792,834</u>		<u>146,209</u>		<u>85,000</u>		<u>4,815,043</u>
Less: accumulated depreciation							
Buildings	3,281,463		228,588		0		3,511,051
Furniture and equipment	29,363		5,834		0		45,297
Total	<u>3,310,826</u>		<u>234,422</u>		<u>0</u>		<u>3,546,148</u>
Fixed assets, net	\$ <u>1,482,008</u>	\$	<u>(88,213)</u>	\$	<u>85,000</u>	\$	<u>1,258,695</u>

NOTE 5 – RETIREMENT SYSTEM The Housing Authority does not have a retirement plan.

NOTE 6 – ACCOUNTS PAYABLES The payables of \$10,590 at September 30, 2001, are as follows:

Payroll and tax withholdings	<u>10,590</u>
\$	<u>10,590</u>

NOTE 7 – COMPENSATED ABSENCES At September 30, 2001, employees of the Housing Authority have accumulated and vested \$1,867 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. These amounts are recorded as liabilities in the funds from which payment will be made.

NOTE 8 – COMMITMENTS AND CONTINGENCIES The Housing Authority participates in a number of federally assisted grant programs. Although the grant programs have been audited in accordance with the Single Audit Act Amendments of 1996, these programs are still subject to compliance audits. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

SUPPLEMENTARY INFORMATION

HOUSING OF THE CITY OF HAYNESVILLE
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
ANNUAL CONTRIBUTION CONTRACT

YEAR ENDED SEPTEMBER 30, 2001

A) The Actual Modernization Costs are as follows:

		<u>Project 1999</u>
Funds approved	\$	183,978
Funds expended		<u>183,978</u>
Excess of funds approved	\$	<u>0</u>
Funds advanced	\$	183,978
Funds expended		<u>183,978</u>
Excess of funds advanced	\$	<u>0</u>

- The distribution of costs by project as shown on the Final Statement of Modernization Cost dated December 12, 2000 accompanying the Actual Modernization Costs Certificate submitted to HUCD for approval is in agreement with the PHA's records.
- All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF HAYNESVILLE
STATEMENT OF MODERNIZATION COSTS – UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2001

CASHBASE

		Capital Funding 2000
Funds approved	\$	127,130
Funds expended		<u>72,440</u>
Excess of funds approved	\$	<u>154,690</u>
Funds advanced	\$	72,440
Funds expended		<u>72,440</u>
Excess of funds advanced	\$	<u>0</u>

See accompanying notes and accountants' report.

**HOUSING AUTHORITY OF THE CITY OF HAYNESVILLE
STATEMENT OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED SEPTEMBER 30, 2000

FEDERAL GRANTOR PROGRAM TITLE	CFDA NO.	GRANT ID #	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development			
Direct Programs:			
Low-Income Housing Operating Subsidy	14.850		<u>88,817</u>
Program Total			<u>88,817</u>
Comprehensive Improvement Assistance Program	14.852		<u>91,750</u>
Program Total			<u>91,750</u>
Public Housing Capital Fund	14.872		<u>72,440</u>
Program Total			<u>72,440</u>
Total HUD			<u>252,007</u>

Total Expenditures of Federal Awards

**HOUSING AUTHORITY OF THE CITY OF HAYNESVILLE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED SEPTEMBER 30, 2001

NOTE 1 – GENERAL. The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the City of Haynesville, Louisiana (the "Housing Authority"). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING. The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority's general-purpose financial statements.

NOTE 3 – RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS. Federal awards revenues are reported in the Housing Authority's general-purpose financial statements as follows:

	<u>Federal Sources</u>
Enterprise funds:	
Public Housing	\$ 88,817
CJAP	91,750
Capital Fund	<u>73,440</u>
Total	<u>\$ 253,007</u>

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS. Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

NOTE 5 – FEDERAL AWARDS PROGRAMS. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PH 98-14, "Federal awards" do not include Housing Authority operating income from rents or investments (or other non-federal sources). In addition, debt service annual contribution payments made by HUD directly to fiscal agents for holders of Housing Authority bonds or for Housing Authority notes held by the Federal Financing Bank (FFB), are not considered when determining if the Single Audit Act "federal awards expended" threshold is met by the Housing Authority in a fiscal year. In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

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MIKE ESTES, CPA

**Report on Agreed-upon Procedures
 Regarding Louisiana Airline Quotations**

Board of Commissioners
 Housing Authority of Haynesville
 Haynesville, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and *Haynesville, Louisiana, Louisiana* and the *Legislative Auditor, State of Louisiana*, solely to assist the users in evaluating management's assertions about the Authority's compliance with certain laws and regulations during the year ended September 30, 2001, included in the accompanying *Louisiana Airline Quotations*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. There was one expenditure made during the year for material and supplies exceeding \$5,000, or modification exceeding \$5,000. It was properly supported and classified.

Code of Ethics for Public Officials and Public Employees

2. We obtained from management a list of the immediate family members of each board member as defined by LSA-RS-42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families. Management provided us with the required list including the noted information. No ineligible payments were noted.

3. We obtained from management a listing of all employees paid during the period under examination.

Management provided us with the required list. All payments were proper.

4. We determined that nine of those employees included in the listing obtained from management in agreed-upon procedure (1) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

Budgeting

5. We obtained a copy of the legally adopted budget and all amendments. Management provided us with a copy of the original budget. There were no amendments to the budget during the year.
6. We traced the budget adoption and amendments to the minute book. The budget for the 2001 fiscal year ended September 30, 2001 was adopted September 8, 2000 by unanimous consensus.
7. We compared the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 15%. No differences of 5% or more were noted.

Accounting and Reporting

8. We randomly selected fifteen disbursements (including payroll) made during the period under examination and:
 - A) Traced payments to supporting documentation as to proper amount and payee; We examined supporting documentation for each of the fifteen selected disbursements and found that payment was for the proper amount and made to the correct payee.
 - B) Determined if payments were properly coded to the correct fund and general ledger account; and all of the payments were properly coded to the correct fund and general ledger account.
 - C) Determined whether payments received approval from proper authorities; Inspected documentation supporting each of the fifteen selected disbursements indicated approvals from the Executive Director and the Chairman of the Board of Commissioners.

Meetings

9. Examined evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 43:1 through 43:12 (the open meetings law). Notices of meetings were posted.

Bills

10. We examined bank deposits for the period under examination to determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.
We inspected copies of bank deposit slips for the period under examination on a random basis and noted no deposits which appeared to be proceeds of bank loans, bonds or like indebtedness. No borrowings were noted.

Advances and Bonuses

11. We examined payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances or gifts.

We noted no payments to employees which may constitute bonuses, advances or gifts, in violation of LSA-RS 14:138. However, see Finding #7.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for use of management of the Housing Authority and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Mike Bates, P. C.
Fort Worth, Texas
February 13, 2002

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

February 13, 2002 (Date Transmitted)

Mike Fazio, P.C.

4208 Airport Freeway #108

Fort Worth, Texas 76112

(Auditors)

In connection with your compilation of our financial statements as of (date) and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 28:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1391-1134.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1993, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1300-14) or the budget requirements of LSA-RS 38:34.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31 and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 24:603, and/or 28:82, as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:511.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1934 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG Opinion 79-329.

However, see Finding #1.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

A. D. Williams Executive Director 3/24/02 Date

**HOUSING AUTHORITY OF THE CITY OF HAYNESVILLE
SCHEDULE OF PRIOR AND CURRENT FINDINGS**

YEAR ENDED SEPTEMBER 30, 2001

Prior Year Audit Findings

The prior year was a GAO, Yellow Book audit. It contained nine audit findings. For the year ended September 30, 2000, five have been cleared, as follows:

Finding #2 – The Board did not approve by Board Resolution an itemized list of tenant accounts receivable write-offs. As outlined per the attached Corrective Action Plan, this was done for tenant accounts receivable write-offs for the year ended September 30, 2000. This finding is cleared.

Finding #3 – A tenant is also a PHA employee. She was a tenant before she became an employee. She was charged less than an income-based rent. The Board has since appointed her to be Resident Coordinator, and being on 24 hour call is now a condition of her employment. In view of this action, less than an income based rent appears permissible. This finding is cleared.

Finding #4 – The PHA had not adopted the revised ACDP by Board action and resolutions. The PHA adopted the revised ACDP on March 8, 2001. This finding is cleared.

Finding #6 – The PHA's actual expenses had exceeded its budgeted expenses in the categories of administrative salaries, total administrative expenses, and total routine expenses. For the year ended September 30, 2001, all were under budget. This finding is cleared.

Finding #7 – At September 30, 2000 and September 30, 2001, the PHA did not have an inventory of assets and obligations. The inventory was recently completed, per the enclosed. This finding is cleared.

Current Year Audit Findings

(i) Tenant Accounts Receivable (Prior Year #1)

At September 30, 2000, tenants' accounts receivable totaled \$12,460, an average of \$103.00 per unit. \$4,718 were written off for the year ended September 30, 2001.

As February 28, 2000, tenants' accounts receivable were \$11,406, still an excessive amount.

Recommendation

It appears that the PHA is still not consistently enforcing its collection policy. As noted last year, all tenants need to be notified that as of now, the policy will be followed. Written work-out agreements need to be obtained on tenants still living in the PHA that owe significant balances, if they are allowed to stay. Amounts owed by vacated tenants, if deemed uncollectable, need to be written off by a board resolution. Former tenants must pay their due amounts before they re-enter the PHA.

I have advised the PHA that writing off uncollectable tenant accounts does not solve the problem (write-offs should not exceed 1% of gross tenant revenue).

HOUSING AUTHORITY OF THE CITY OF HAYNEVILLE
SCHEDULE OF PRIOR AND CURRENT FINDINGS

YEAR ENDED SEPTEMBER 30, 2001

I have also advised the PHA to do everything to minimize delinquent account receivables, effective immediately.

Finally, I have advised the PHA that while this situation may have existed for years (September 30, 2000 was our first engagement), the environment has changed. Regulatory authorities will not allow this to continue.

Exhibit

See enclosed correspondence from the PHA.

2) Utility Allowance Schedule (Prior year #2)

The September 30, 2000 audit report indicated that there was not documentation of annual review. There was no documentation of annual review for the year ended September 30, 2001.

Recommendation

Utility rates, per federal regulations, are to be reviewed annually. Documentation must be available for third party review.

Reply

See enclosed correspondence from the PHA.

3) Annual Leave Records (Prior year #2)

In the prior year's audited report, we noted the PHA kept time sheets and leave records on all employees.

However, the PHA was not hiring personnel through Civil Service, and the earned annual leave schedules were different than the Civil Service tables.

Through September 30, 2001, the above situation continued to exist.

In addition, during the year ended September 30, 2001, the five full-time employees were paid for one week in lieu of taking a vacation. The grand total paid to these five employees was \$2,639.00.

Recommendation

All PHA employees, with the exception of the Executive Director and one employee who meets a Confidential Assistant type criteria, are subject to Civil Service rules.

**HOUSING AUTHORITY OF THE CITY OF HAYNESVILLE
SCHEDULE OF PRIOR AND CURRENT FINDINGS**

YEAR ENDED SEPTEMBER 30, 2001

In line of vacation payments should not be made. There is no provision in state civil service law for salary payments for time not worked. State Civil Service Rule 11.10(b) provides for payment of accrued leave only at time of termination, and with a maximum of 300 hours.

The PHA should become familiar with state Civil Service rules, including those about hiring, and start following them.

Reply

See enclosed correspondence from the PHA.

4) Tenant Lease Needs Updated (Prior Year #58)

At September 30, 2000, the PHA's lease was out of date. It was not updated at September 30, 2000.

Recommendation

The PHA should update its lease as soon as practicable.

Reply

See attached correspondence from the PHA.

HOUSING AUTHORITY OF HAYMESVILLE
SCHEDULE OF AUDIT JOURNAL ENTRIES

YEAR ENDED SEPTEMBER 30, 2001

		ACCT. # FOR AUDIT PURPOSES	DR	CR	ACCT. # FOR POSTING TO FBA BOOKS
1	Accounts payable - YSP	312	9,147.53		1119
	Other income	512		9,147.53	3499
	To adjust payable on books to youth sports program				
2	Investments	111	3,990.24		1163
	Interest income	711		3,990.24	
	To adjust to 8/1/00 balance of \$21,451.19				

Housing Authority of Haynesville
Corrective Action Plan
Schedule of Findings and Questioned Costs
September 30, 2000

1. **Tenant Collection Policy Not Consistently Enforced**

Housing Authority's Response: Tenants have been notified of the new rent collection procedures. Tenants that live within housing owing a balance have signed back rent agreements and are complying. Or they have moved out of Housing.

2. **Utility Allowance Schedule - Need Review**

The PHA is in the process of doing a Utility Allowance Study. The study is being reviewed by The Nelrod Company. In November 2001, The Nelrod Company completed the Energy Audit for the PHA.

3. **Accrued Leave Records**

PHA is seeking training from the State Civil Service Office on Basics for keeping records in a Housing Authority. Staff will attend training for Housing Authorities in April.

4. **Tenant Lease Needs Updating**

The PHA is in the process of updating the lease.